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January 23, 1998

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Ms. Magalie R. Salas
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, D.C. 20554

RECEIVED

JAN 23 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: BellSouth-Louisiana Section 271 Application
CC Docket No. 97-231**

ACSI Ex Parte

Dear Ms. Salas:

On behalf of American Communications Services, Inc. ("ACSI"), please take notice that Riley Murphy of ACSI and Brad Mutschelknaus of Kelley Drye & Warren LLP met with Tom Power of Chairman Kennard's office regarding ACSI's Opposition and Reply Comments filed in the above-captioned docket. In accordance with Section 1.1206(b)(2) of the Commission's rules, the following is a brief summary of the discussion.

ACSI discussed its Opposition to and Reply Comments on BellSouth's Louisiana Section 271 Application, as well as the attached materials which were distributed at the meeting. Generally, ACSI discussed its facilities-based entry strategy in Louisiana and elsewhere in BellSouth territory and how its efforts have been hampered by BellSouth's failure to provision loops, OSS and other checklist items in accordance with the Act and the Commission's rules and policies. ACSI also discussed its positions with regard to "Track A" entry requirements and the pricing requirements of the '96 Act. The substance of the discussion is fully reflected in ACSI's Opposition, Reply Comments and the attached materials.

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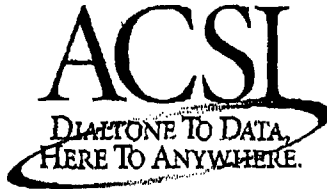
In accordance with Section 1.1206 of the Commission's rules, an original and two copies of this notice and the attached materials are provided for inclusion in the public record.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John J. Heitmann". The signature is fluid and cursive, with the first name "John" and last name "Heitmann" clearly distinguishable.

John J. Heitmann

cc: Tom Power



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ACSI LOUISIANA SECTION 271 FACT SHEET CC DOCKET No. 97-231

ACSI NATIONWIDE

- ACSI has completed construction of local fiber networks in 32 markets in the Southern and Southwestern United States.
- ACSI has 16 switches installed nationwide.
- ACSI operates in the service areas of BellSouth, SBC, U S West, Bell Atlantic, Sprint and GTE.
- In the BellSouth region, ACSI has installed switches in Columbus, Georgia; Montgomery and Birmingham, Alabama; Louisville, Kentucky; New Orleans, Louisiana; and Jacksonville, Florida.

ACSI'S CURRENT PRESENCE IN LOUISIANA

- ACSI began reselling local exchange service in Louisiana on April 1, 1997. ACSI serves customers in New Orleans, Baton Rouge, and Shreveport.
- ACSI began selling facilities-based service to on-net customers in New Orleans on July 18, 1997.
- ACSI has not yet begun selling unbundled loops which require collocation.
- Collocation was delayed as described in ACSI's Opposition in this docket. The issues in the filing have been resolved, but testing must still be done. This highlights that collocation is a time-consuming and expensive process.

BELLSOUTH'S HISTORY AND CURRENT SUCCESS

- BellSouth has traditionally opposed local competition in its states. In North Carolina, for example, local competition was illegal prior to the Act. BellSouth is playing catch-up on learning how to implement local competition. Accordingly, BellSouth's early Section 271 filings are, not surprisingly, incomplete and premature.
- BellSouth last night reported "record earnings growth," in part by "driving record growth in our nine-state telecommunications region." (Source: 1/22/98 BellSouth Press Release).
- BellSouth had 2,133,740 total billable access lines (594,843 business, 1,538,472 residential) in Louisiana in 1996 and is reporting access line growth. (Source: BellSouth Louisiana ARMIS Annual Summary Report for 1996; BellSouth press release).
- The FCC has stated correctly that actual market share is relevant to (though not decisive in) Section 271 decisions. (Ameritech Order, para. 391). A conservative estimate (based on BellSouth's 1996 line count) of ACSI's statewide market share is 0.2% (or 0.7% of the business access lines). Given this de minimis market share erosion, as well as BellSouth's other competitive advantages in the marketplace, it would not be in the public interest to grant BellSouth's application.
- BellSouth last night reported that 4th Quarter earnings rose 15% to \$729,000,000 (\$729M). BellSouth's annual income rose 14% to 3,260,000,000 (\$3.26B) (Additional Source: 1/23/98, Wash. Post Business Section).
- Parallel to long distance: BellSouth is growing rapidly despite (or perhaps because of) competition.
- The FCC should ensure that local markets are open to competition before Section 271 is granted. Pressure to grant Section 271 prematurely is purely political, not economic.

BELLSOUTH DOES NOT MEET THE SECTION 271 STANDARD

- BellSouth cannot rely upon PCS providers to satisfy Section 271(c)(1)(A).
- BellSouth does not offer cost-based rates.
- BellSouth's NRC's were not scrutinized by the Louisiana Public Service Commission, are not cost-based, and preclude competition.
- The Louisiana Commission rejected geographic deaveraging of unbundled loops and did not implement a plan to deaverage at a later date.
- The LPSC pricing docket lacked due process. ACSI intends to appeal the order on this and other grounds. In addition to the above issues, ACSI will contest the basic recurring charge which is among the highest in the country, and creates a price squeeze which precludes residential competition.
- BellSouth has not fully implemented its interconnection agreement with ACSI:
 - BellSouth has not provided unbundled loops in accordance with ACSI's Interconnection Agreement.
 - BellSouth has not provided number portability in accordance with ACSI's Interconnection Agreement. ACSI detailed these issues, including multiple failures of interim number portability in April and May 1997, in its Georgia Complaint. Although ostensibly resolved, ACSI's number portability issues have recurred later this year in Columbus.
 - BellSouth has not provided resold local exchange service at parity with service to its own end users (see ACSI's Opposition).
 - BellSouth's OSS is deficient and underdeveloped.
 - LENS and EDI-PC are not integrated in a manner that permits a CLEC to utilize both in tandem for preordering and ordering (no pre-population, timeout problems, failure of either system to handle complex orders). BellSouth has not provided the software necessary to integrate these interfaces
 - ACSI only began using LENS for preordering on January 8, 1998. LENS cannot handle orders for unbundled loops or critical complex orders such as ISDN PRI.

- **ACSI is not yet utilizing EDI-PC, or any other form of EDI. Neither system is in widespread actual commercial usage in Louisiana or elsewhere in the Region.**
- **BellSouth has not demonstrated that the critical failings of its CLEC Service Center (the LCSC) reported in its March 1997 audit have been resolved.**
- **ACSI still experiences service interval problems on its orders (unbundled loop cutover, firm order confirmation, service turn-up, etc.), and BellSouth has consistently and stridently opposed performance measurements at the level of detail that would expose these problems.**
- **ACSI is working cooperatively with BellSouth to complete its collocation in New Orleans but the collocation still has not been accepted to date.**
- **The Public Interest: The FCC's South Carolina Order correctly placed emphasis on the local markets, as opposed to the long distance market. BellSouth has not demonstrated that its local markets are open to competition. BellSouth has an enormous amount of work to do before its markets are open to competition.**